

## CDBG-CV Substantial Amendment Notes

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On March 27<sup>th</sup> 2020, President Trump signed into the law the Coronavirus Aid, Relief and Economic Security (CARES) Act. In doing so, \$5 billion was allocated to the U.S. Department of Housing and Urban Development (HUD). While \$1 billion was granted to the States, another \$2 billion was allocated directly to FY2020 grantees. As such, the City of Parkersburg was allocated \$529,739 in CDBG funds to 'prevent and respond to the spread of infectious diseases such as the coronavirus disease 2019 (COVID-19).'<sup>1</sup>

After review, the Administration proposes that the City's allocation of Community Development Block Grant – Coronavirus Response (CDBG-CV) funds directed to providing relief for small businesses and families in the community. With the support of Parkersburg City Council and our community partners, the City intends to stand up the following programs:

### **Small Business Relief Fund**

The City of Parkersburg, through the use of CDBG-CV funds, intends to launch a Small Business Relief Fund (SBRF). The SBRF will seek to assist small businesses in the City avoid job loss caused by closures and/or significant disruptions in service as a result of Covid-19, by providing short-term working capital assistance to eligible small businesses in the community, with goal being to enable the retention of jobs held by low- and moderate- income persons. Furthermore, this funding can be used to help small business restart their operations after being closed for a period of time due to the pandemic.

To be considered eligible for assistance through the SBRF, a small business must meet the following criteria:

- Be located in the corporation limits of the City of Parkersburg.
- Have been in business for at least one year (on or before March 1, 2020).
- Have been in good standing with applicable City fees prior to December 31, 2019.
- Must be low- to moderate-income (LMI) microbusiness owners and/or businesses that employ (or previously employed) at least 51% LMI workers.
- Employ ≤ 25 Full Time Equivalent (FTE) jobs/positions for low- and moderate- income (LMI) persons. Note, priority will be given to small businesses that employee ≤ 10 FTEs.

As the funding source for the Small Business Relief Fund is HUD, the City is required to comply with certain Federal regulatory requirements. For the purposes of this program, a qualifying FTE - LMI position/persons earns 80% of Area Median Income or ≤ \$ 32,950 per year<sup>2</sup> .

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<sup>1</sup> Quick Guide to CDBG Eligible Activities to Support Infectious Disease Response, March 13, 2020.

<sup>2</sup> HUD's Income Limits for the Parkersburg Metropolitan Statistical Area – 80% Area Median Income. Effective June 28, 2019.

Assistance provided through the SBRF will be structured as a forgivable loan. Every approved applicant would receive a grant, not to exceed \$5,000 for working capital expenses.

Approved applicants would also be eligible to receive an additional \$500 per FTE as an incentive to retain low- and moderate-income jobs. However, approved applicants would need to demonstrate that at least fifty-one (51) percent of the small business payroll, specific to FTEs for LMI persons, was maintained and/or brought back onto the payroll during reporting period. For the purpose of this program, the reporting period shall be defined as 90 days from the date of the award notice of relief funds.

If this threshold is not met, a portion of the funds received would have to be paid back to the City of Parkersburg at zero (0) percent interest within 90 days. The portion of funds to be returned would be determined based on the number FTE - LMI positions not retained. Please note, FTEs are specific to the position and not individuals who may or may not currently hold it.

## **Family Relief Fund**

The City of Parkersburg, through the use of CDBG-CV funds, intends to establish a Family Relief Fund (FRF). The FRF will seek to provide residents who have been negatively impacted by COVID-19 to make short-term (up to three months) emergency payments on behalf of individuals or families. This may include utility payments to prevent a cutoff of service, and/or housing payments (rent/mortgage) to prevent eviction/homelessness. The program will operate on a first-come first-served basis.

As the funding source for the Family Relief Fund is HUD, the City is required to comply with certain Federal regulatory requirements.

Under the CDBG-CV Program's regulations, a qualifying applicant for the FRF must be a low-and moderate-income person, family, or household as defined under HUD's Income Limits for the Parkersburg Metropolitan Statistical Area – 80% Area Median Income. The income guidelines are subject to change. Effective 6-28-2019, the guidelines, or income limits, are as follows:

Number of persons in household – Maximum gross income

1 – \$32,950

2 – \$37,650

3 – \$42,350

4 – \$47,050

5 – \$50,850

6 – \$54,600

7 – \$58,350

8 – \$62,150